

## Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 GSA-02 L-03 H-03 INT-08 IO-13 PRS-01

RSR-01 /202 W

----- 012761

R 211734Z AUG 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3490

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY LA PAZ

AMEMBASSY LAGOS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 LONDON 09640

E.O. 11652: GDS

TAGS: EMIN, ECON

SUBJECT: TIN: PROPOSED DISPOSAL PROGRAM

REF: (A) LONDON 9183, (B) LONDON 9413

1. H. W. ALLEN, EXECUTIVE CHAIRMAN, INTERNATIONAL TIN COUNCIL, DELIVERED LETTER ADDRESSED TO SECRETARY OF STATE AT EMBASSY AUGUST 21. IN BRIEF, LETTER ASKS FOR CLARIFICATION ON THREE POINTS.

(A) REASON FOR INCREASE IN TIN DISPOSAL PROGRAM FROM 5,000 TONS TO 17,000 TONS FOR FIRST SIX MONTHS OF FY-74.

(B) REASON FOR SALE OF INITIAL 5,000 TONS AT PRICE WELL  
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BELOW MARKET PRICE IN USA AND LONDON.

(C) WHETHER U.S. WOULD AGREE TO DEFERMENT OF FINAL  
DECISION ABOUT RESUMPTION OF DISPOSALS UNTIL AFTER NEXT  
SESSION OF TIN COUNCIL BEGINNING SEPTEMBER 18.

2. WE DID NOT COMMENT ON SUBSTANCE OF QUESTIONS BUT  
AGREED TRANSMIT TEXT OF LETTER TO DEPARTMENT SOONEST.

3. IN DISCUSSION ALLEN SAID HE WISHED TO CONVEY  
IMPRESSION THAT BUFFER STOCK MANAGER HAD INTERVENED  
IN MARKET IN PAST WEEKS AND FURTHER IMPRESSION THAT  
BETWEEN NOW AND THE BEGINNING OF COUNCIL MEETING  
BUFFER STOCK MANAGER WOULD ALMOST CERTAINLY INTERVENE  
IN MARKET AGAIN. ALLEN SAID HE WISHED TO LEAVE THIS  
IMPRESSION IN ORDER TO COUNTER FEELING HE HAD DETECTED  
THAT U.S. BELIEVED BUFFER STOCK MANAGER HAD BEEN DOING  
NOTHING.

4. TEXT OF LETTER TO SECSTATE FOLLOWS. IT IS  
ACCOMPANIED BY COVERING LETTER TO EMBASSY OFFICER  
REFERING TO INITIAL DISCUSSION OF ENLARGED DISPOSAL  
PROGRAM (LONDON 9183), AND NOTING THAT THIS LETTER IS  
TIN COUNCIL'S WORKING PARTY ON GSA DISPOSALS INITIAL  
RESPONSE ON BEHALF OF TIN COUNCIL. ORIGINAL TRANSMITTED  
BY AIRGRAM.

BEGIN TEXT -

SIR

I REFER TO THE ADVICE TRANSMITTED BY THE UNITED STATES  
EMBASSY IN LONDON ON 9 AUGUST 1973 THAT THE UNITED STATES  
GOVERNMENT HAD UNDER CONSIDERATION OFFERING FOR DISPOSAL  
DURING THE REMAINDER OF 1973 A FURTHER 12,000 LONG TONS  
OF TIN FROM THE SURPLUS STOCKPILE OVER AND ABOVE THE  
6,500 TONS ALREADY SOLD; THAT THE QUANTITY OF TIN FOR  
DISPOSAL FOR WHICH CONGRESSIONAL AUTHORITY ALREADY  
EXISTS HAS BEEN ADJUSTED UPWARDS; AND THAT THE PERIOD IN  
WHICH CONSULTATIONS ON THE PROPOSED RENEWAL OF THE  
DISPOSAL PROGRAMME MAY TAKE PLACE IS LIMITED TO 10  
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WORKING DAYS FROM 8 AUGUST.

THE COUNCIL'S WORKING PARTY ON GSA DISPOSALS HAS  
CONSIDERED THE FOREGOING ADVICE AND HAS ASKED ME TO  
CONVEY TO YOU AN INITIAL RESPONSE ON BEHALF OF THE  
COUNCIL.

THE COUNCIL WAS INFORMED, IN THE COURSE OF THE

CONSULTATIONS EARLIER THIS YEAR, THAT THE TOTAL AMOUNT FOR WHICH CONGRESSIONAL AUTHORITY EXISTED WAS 18,521 TONS; IT IS NOW UNDERSTOOD THAT THE LATEST INTERPRETATION OF EXISTING LEGISLATION IS THAT THE FIGURE IS 49,897 LONG TONS, OF WHICH 6,500 LONGTONS HAVE BEEN SOLD. IT WILL BE APPRECIATED THAT THIS CHANGE FUNDAMENTALLY AFFECTS THE COUNCIL'S PREVIOUS ASSESSMENT OF THE DISPOSAL PROGRAMME.

THE ANNOUNCEMENT BY THE ACTING ADMINISTRATOR OF GSA

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LAB-06 SIL-01 GSA-02 L-03 H-03 INT-08 IO-13 PRS-01

RSR-01 /202 W

----- 012768

R 211734Z AUG 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3491

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY LA PAZ

AMEMBASSY LAGOS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 03 LONDON 09640

DATED 6 JUNE 1973 STATED THAT, DURING THE PERIOD 1 JULY 1973 TO 31 DECEMBER 1973, "NO MORE THAN 5,000 LONG TONS

WILL BE SOLD THROUGH MONTHLY SALES AVERAGING 830 LONG TONS". THIS STATEMENT WAS TAKEN BY THE MARKET TO MEAN THAT GSA HAD FIRMLY DECIDED ON A LIMIT TO THE DISPOSAL QUANTITY IN THAT PERIOD. THE ANNOUNCEMENT ALSO STATED THAT DISPOSALS WOULD BE "CONDUCTED IN AN ORDERLY WAY SO AS TO MINIMISE EFFECTS ON WORLD TIN MARKET PRICES AND THE ORDERLY CONDUCT OF WORLD TIN MARKETS". IN PRACTICE THE SALES MADE DURING JUNE AND JULY BY GSA WERE NOT CONSISTENT WITH MARKET PRICES. A LARGE PROPORTION OF TIN SOLD WAS AT A FROZEN PRICE WELL BELOW THE MARKET PRICE BOTH IN USA AND LONDON.

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THE COUNCIL WOULD APPRECIATE CLARIFICATION BY THE UNITED STATES AUTHORITIES OF THE ASPECTS OF THE DISPOSALS PROGRAMME REFERRED TO IN THE PRECEDING TWO PARAGRAPHS.

THE COUNCIL APPRECIATES THAT THE UNITED STATES HAS EXPRESSED CONCERN ABOUT THE RISING PRICE OF TIN WITHIN THE UNITED STATES AND IN THE PAST HAS REFRAINED FROM SELLING WHEN THE MARKET WAS WEAK. WHEN THE COUNCIL HAD DISCUSSIONS WITH THE UNITED STATES AUTHORITIES EARLIER THIS YEAR, CONCERN WAS EXPRESSED THAT RESUMPTION OF DISPOSAL COULD DISRUPT THE MARKET WHILST THE COUNCIL WAS OBLIGED TO RESTRICT EXPORTS FROM PRODUCING COUNTRIES. ALTHOUGH THE DECISION OF THE USA TO LIMIT SALES TO 5,000 TONS IN THE INITIAL SIX MONTHS PERIOD DID NOT CONFORM TO THE COUNCIL'S STATED VIEW IT DID MUCH TO ALLEVIATE THE COUNCIL'S CONCERN IN THIS RESPECT, AND THE MARKET HAS CONTINUED TO STRENGTHEN DESPITE THE GSA RELEASES.

HOWEVER, THE STRENGTHENING OF THE MARKET HAS BEEN CAUSED BY FACTORS WHICH WERE NOT FORESEEABLE AT THE TIME OF OUR EARLIER TALKS. THERE HAS BEEN A GENERAL MOVEMENT UPWARDS IN THE PRICES OF COMMODITIES ON INTERNATIONAL MARKETS, DUE TO VARIOUS FACTORS INCLUDING SPECULATIVE MOVEMENTS IN INTERNATIONAL CURRENCY MARKETS. ALTHOUGH THE PRICE OF TIN HAS RISEN ON THE WORLD MARKETS, ITS ADVANCE HAS NOT BEEN AS SPECTACULAR AS THAT OF MANY OTHER PRIMARY COMMODITIES AND THE MARKET PRICE OF TIN HAS REMAINED WITHIN THE COUNCIL'S PRICE RANGE. IT WILL BE APPRECIATED THAT UNDER THE PROVISIONS OF THE INTERNATIONAL TIN AGREEMENT THE COUNCIL ITSELF HAS OBLIGATIONS TOWARDS RISING PRICES WITHIN ITS PRICE RANGE AND THE PRICE IS CURRENTLY WITHIN THE AREA WHERE THE BUFFER STOCK MANAGER HAS AUTHORITY TO SELL TIN.

A FURTHER FACTOR AFFECTING THE TIN MARKET WAS THE

UNEXPECTED ANNOUNCEMENT OF THE LIQUIDATION OF THE  
COMPANY WILLIAMS HARVEY LTD., OWNERS OF THE KIRKBY  
SMELTER IN THE UNITED KINGDOM, WHICH HAS IN THE PAST BEEN  
RELYING UPON TIN CONCENTRATES FROM BOLIVIA FOR ITS RAW  
MATERIALS. THE CONSEQUENT INTERFERENCE WITH THE FLOW OF  
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TIN IN THE PIPELINE FROM BOLIVIA AND OTHER SUPPLIERS OF  
TIN CONCENTRATES TO THE MARKET HAS CONTRIBUTED TO  
SCARCITY OF TIN IN SOME QUARTERS. THE RESTORATION OF  
NORMAL FLOWS OF TIN UNDER NEW SMELTING ARRANGEMENTS  
COULD ADVERSELY AFFECT THE MARKET.

THE COUNCIL HAS NOT FOUND IT POSSIBLE TO FORMULATE  
A CONSIDERED VIEW OF THE CURRENT PROP

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RSR-01 /202 W

----- 012789

R 211734Z AUG 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3492

INFO AMEMBASSY BANGKOK

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C O N F I D E N T I A L SECTION 03 OF 03 LONDON 09640

GOVERNMENT WITHIN THE PRESCRIBED 10 DAY PERIOD. IN VIEW OF THE IMPORTANT IMPLICATIONS OF THE INFORMATION NOW PROVIDED BY THE UNITED STATES IT IS CONSIDERED THAT THE COUNCIL NEEDS MORE TIME IN WHICH TO STUDY THEM. THE COUNCIL'S TENTH SESSION IS SCHEDULED TO COMMENCE ON 18 SEPTEMBER; AT THAT SESSION THE COUNCIL WILL MAKE A FULL REVIEW OF THE MARKET AND STATISTICAL POSITION AND ALSO WILL HAVE UNDER CONSIDERATION QUESTIONS RELATING TO ITS OWN OPERATIONS, INCLUDING THE CONTINUANCE OR OTHERWISE OF EXPORT CONTROL. IT WOULD ENABLE THE COUNCIL TO REACH A MORE CONSIDERED VIEW IF THE OPPORTUNITY WERE AVAILABLE TO CONSIDER THE UNITED STATES PROPOSALS IN THE TOTAL CONTEXT OF THE MATTERS BEFORE THE COUNCIL AT ITS TENTH SESSION.

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I AM AUTHORIZED TO CONVEY TO YOU THE WISH OF THE COUNCIL THAT YOUR GOVERNMENT DEFER A DECISION ABOUT IMMEDIATE RESUMPTION OF DISPOSALS UNTIL THE COUNCIL IN FULL SESSION HAS HAD THE OPPORTUNITY TO EXAMINE THOSE PROPOSALS. YOURS FAITHFULLY, (H.W. ALLEN), EXECUTIVE CHAIRMAN.  
END TEXT

SOHM

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## Message Attributes

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**TAGS:** EMIN, ECON  
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